

HR MATTERS

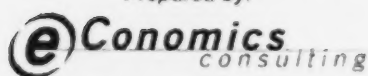
Hamilton Human Resource Strategy Study



Executive Summary

May 2002

Prepared by:



Funded by, and in partnership with:

Canada



WORKING TOGETHER TO BUILD A STRONGER ONTARIO
A COMMITMENT TO EXCELLENCE IN SERVICE TO THE PEOPLE OF ONTARIO

**THE NEW! CITY OF
HAMILTON**

Introduction

Sometimes a large ship trying to dock appears to be barely moving. Yet it can generate enough momentum to wreak major havoc. Demographic change can be like that too. This is a study of one such change – the aging of Hamilton's population.

Two events define Hamilton's, and for that matter, Canada's population growth over the past half-century. A baby boom after the World War II through to 1965 was immediately followed by plummeting birth rates. They have never recovered. The first event was instrumental in shaping economic and social life during the last 50 years. The second event has mostly passed unnoticed – until now. New, and potentially adverse repercussions from the two events are about to simultaneously sweep through the Canadian economy, promising to transform the way we conduct our business and our lives. Employers will be pressured to urgently revamp human resource policies and practices, communities will be scrambling to entice and retain workers, and educational institutions, healthcare facilities and economic and social organizations will be hard-pressed to deliver services. The specter of widespread disruption because of severe and prolonged labour shortages will be a constant threat. Fortunately, current demographic trends offer a narrow window of opportunity before reforms needed to ease the transition to an older society will become much more difficult, and costly.

Early in 2001, Hamilton's Economic Development Department commissioned this study. Its purpose was to examine the long-term implications for the city's economy arising from an aging population, and to recommend actions to counter any negative consequences. Human Resources Development Canada (HRDC) and the Hamilton Training Advisory Board (HTAB) joined with the City of Hamilton in providing the required funding. A steering committee, composed of a cross-section of community stakeholders, was formed to guide the design and conduct of the study. The names of the committee members and the organizations they represented are listed at the end of this document.

There were three components to the study. The first was the research itself – defining current, and forecasting future population and labour force characteristics for Hamilton, and identifying

imbalances. The second consisted of a voluntary and condensed Internet-based employer human resources survey, and a more extensive human resources survey instrument mailed out to a representative cross-section of Hamilton employers – the latter followed-up with in-person interviews. A little over 50 local employers were eventually interviewed. Their input regarding human resource practices and concerns were incorporated into the recommendations that form the final component of this study.

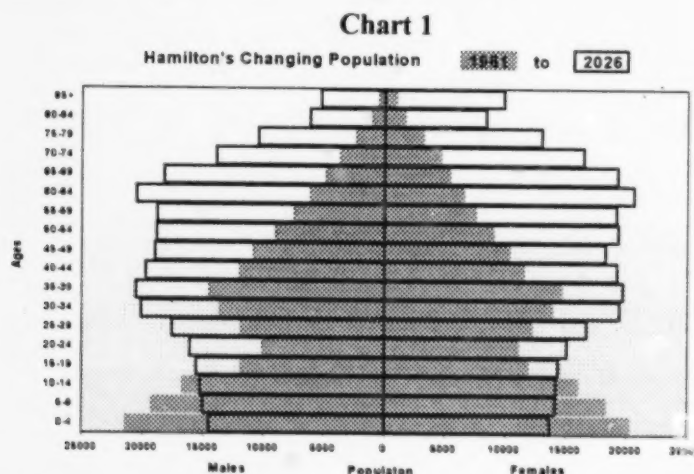
This study measures the impact that the convergence of escalating baby-boomer retirements and dwindling youth populations are likely to have on Hamilton's labour force and its economy. It recommends actions to combat unprecedented declines in labour supply, and identifies opportunities the community can exploit, and resources the community will need.

Although this particular document is a fairly comprehensive executive summary, it does exclude a great deal of detail – all of which can be found in the full report. It is available at the City of Hamilton's website, www.city.hamilton.on.ca.

Population and Labour Force Characteristics

The population pyramid in Chart 1 depicts the dramatic aging of Hamilton's¹ population between 1961 and 2026².

It is apparent that in 1961, Hamilton's population is quite young. The description of the graph as a "population pyramid" derives from the fact that the bars representing the number of persons in each age category grow smaller as age increases.



Source: Statistics Canada Census data & Ontario Ministry of Finance (Population Projections)

By 2026, Hamilton's population profile is beginning to assume the appearance of an inverted pyramid. Youths, the next labour force generation, are a clear minority, and contracting in size relative to their adult counterparts.

The next chart examines the sources of Hamilton's population growth over the most recent decade, 1990 to 2000. The chart breaks the 10-year period into its two 5-year constituents parts in order to discern whether trends are visible. Considering that demographic trends are essentially long-term phenomena, it is reasonable to expect that any trends evident in the 1990's will likely prevail for at least the next decade or two.

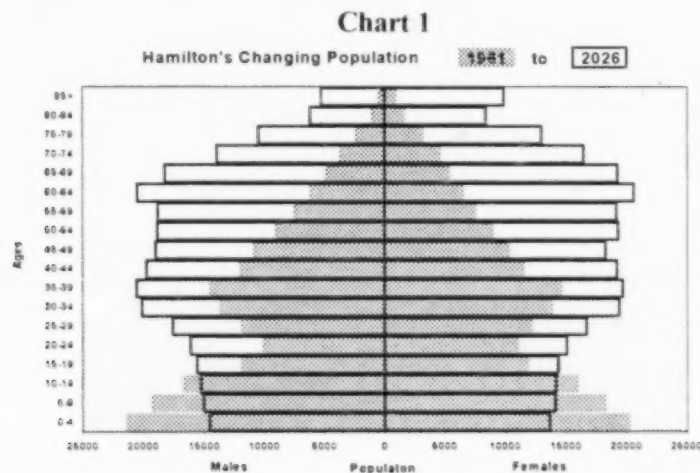
¹ Unless otherwise stated, Hamilton refers to the newly amalgamated city of Hamilton.

² The patterns for the period 2001 through to 2026 are the result of demographic changes that have already occurred and are unlikely to be reversed. Therefore, in time, these projections will likely prove to be reasonably accurate.

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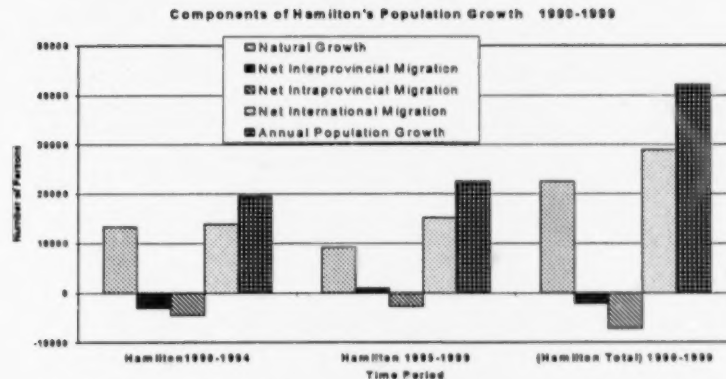
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Chart 2

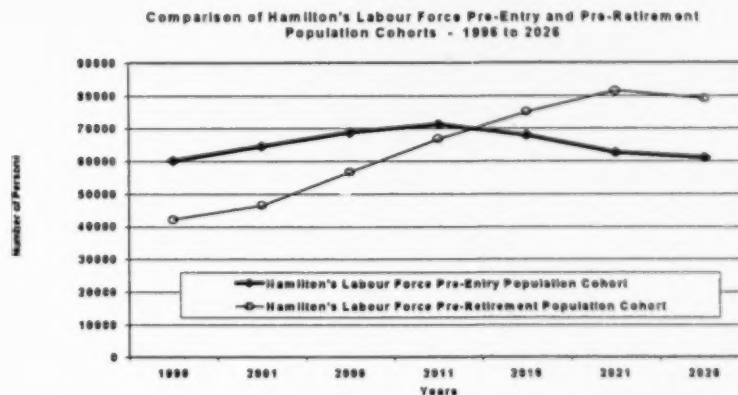


Source: Statistics Canada Small Area Data - Special Tabulations prepared for e-Economics Consulting

The graph presents indisputable evidence that immigration is, by far, the most important contributor to Hamilton's population growth, and its importance increased over the decade of the 1990's. A second important trend shown in the data is that Hamilton's net loss of population intra-provincially (within Ontario) and inter-provincially (within Canada) was improving as the decade wore on. In fact, inter-provincial movements had actually swung into positive territory. The final important trend contained in the data is that net natural growth's (births minus deaths) share of total population growth, waned in the latter half of the decade. No doubt, live births in the 1.5 per female-lifetime range, and increasing longevity for both males and females, go a long way to explaining this outcome.

The next chart illustrates the strong link between aging population and declining labour supply, as well as establishing the timing of the impending worker shortages.

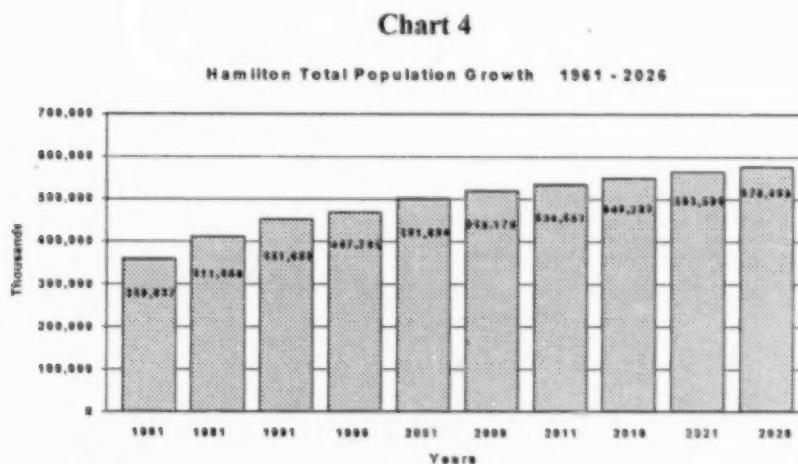
Chart 3



Source: Statistics Canada Census data & Ontario Ministry of Finance (Population Projections)

Chart 3 plots the growth of two population cohorts central to the contention that severe labour shortages are imminent. Labour force participation rate data proclaims that the vast majority of 55-64 year-olds will retire from the labour force by the time they reach 65 years of age. It also reveals that an equally large proportion of 15-24 year-olds will have entered the labour force by the time they are 25 years of age. So it is reasonable to label these two cohorts, the labour force "pre-retirement", and the labour force "pre-entry" cohorts. Chart 3 predicts that around 2016, the number of workers leaving the labour force every year will be larger than the number of new young workers entering for the first time. And the gap grows right out to 2021 and continues thereafter. In fact, if the projections were to be extended out to 2050, the gap will not disappear. (Assuming interventions taken in the interim have only a minor impact on altering medium-term population trends³.)

The final population chart, Chart 4 summarizes Hamilton's total population growth out to 2026.



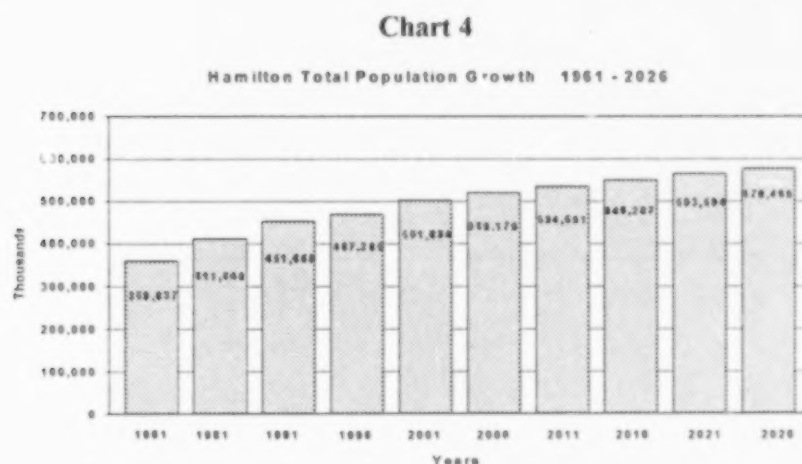
Source: Statistics Canada Census data & Ontario Ministry of Finance (Population Projections)

Chart 5 traces the dramatic decline in Hamilton's labour force growth as a result of the population changes just described.

³ Another analogy comparing demographic changes to moving ships, can be made – there is a long lag between the time an order is given to change direction, and the time actual change occurs.

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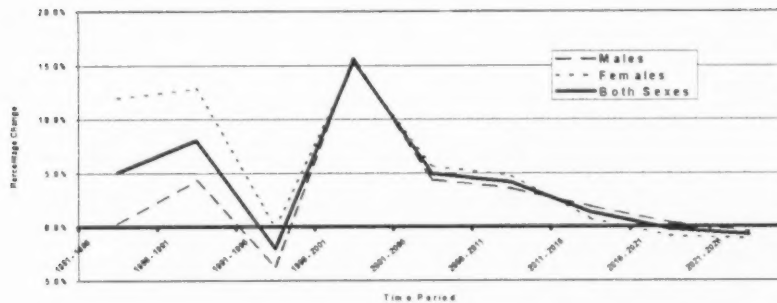
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Chart 5

Percentage Change in Hamilton's Labour Force by Five-Year Period
1981 - 2026

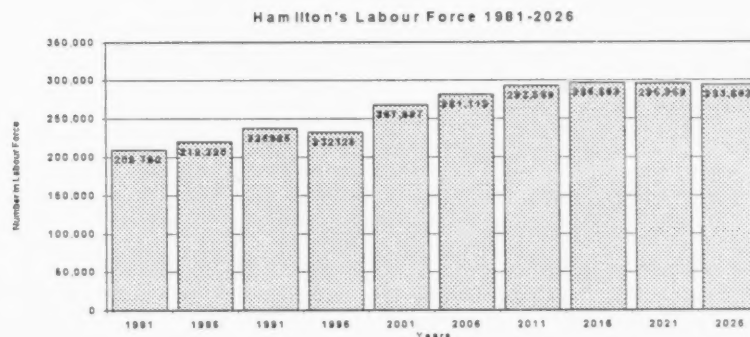


Source: Statistics Canada Census data & e-Economics Consulting projections

Barring unforeseen developments, Hamilton will not experience strong labour force growth again over the whole of the forecast period from 2001 to 2026. In fact, the projections indicate that somewhere between 2016 and 2021, Hamilton's labour force will actually begin to decline in size. (Growth rates turn negative) Also noteworthy in the graph⁴, is that female labour force growth rates finally catch up to those of males by 2001, paralleling them thereafter.

Chart 6 translates the growth rates just shown into numerical results.

Chart 6



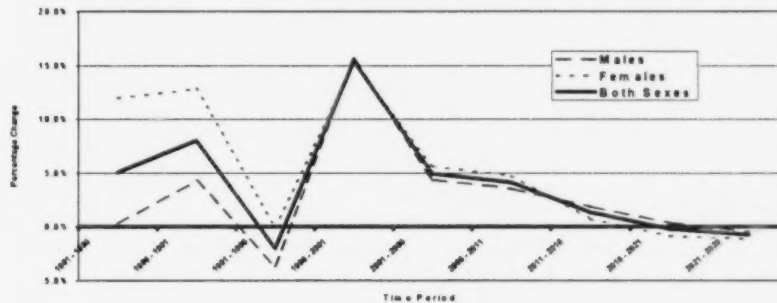
Source: Statistics Canada Census data & e-Economics Consulting projections

Chart 7 provides a graphic reminder that not only populations are aging. Even though the time period is much shorter than for the earlier population pyramid, and the age categories are much more aggregated, the same pattern is evident – the bars representing older age groups are expanding while the bars representing youth are contracting.

⁴ The dramatic drop in growth rates between 1991 and 1996 are an anomaly attributable to the severe recession that occurred in 1991-92.

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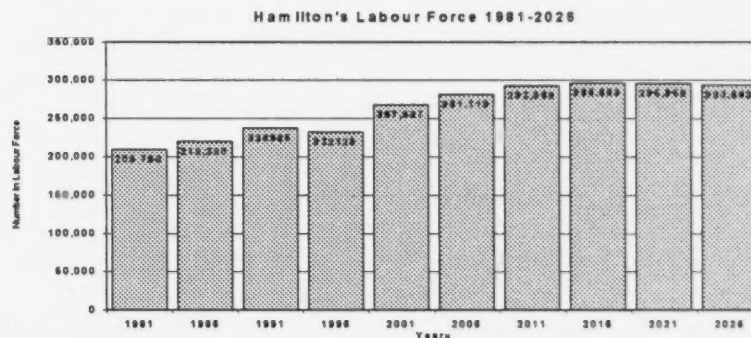


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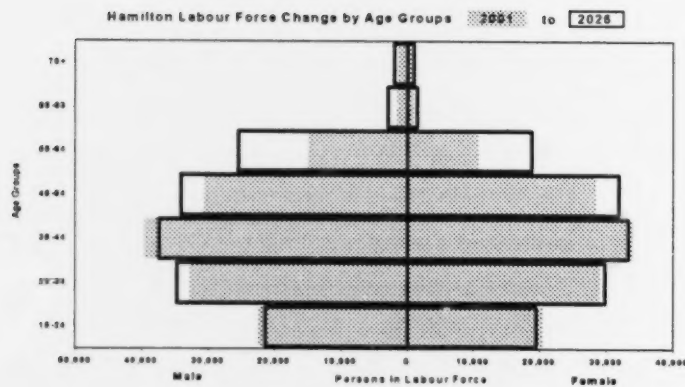


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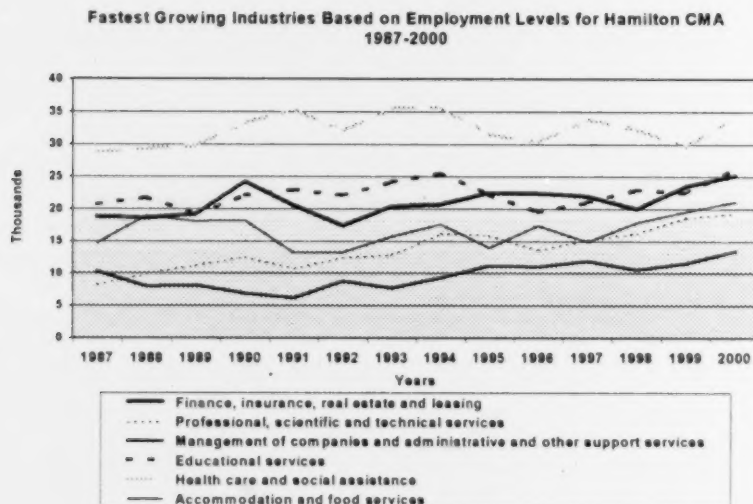
Chart 7



Source: e-Economics Consulting

The next two charts provide glimpses of how labour demand has evolved in Hamilton between 1987 and 2000. The trends shown are expected to prevail for at least the next 5 years or so and possibly well beyond that. The data is not consistent enough to draw longer range inferences.

Chart 8

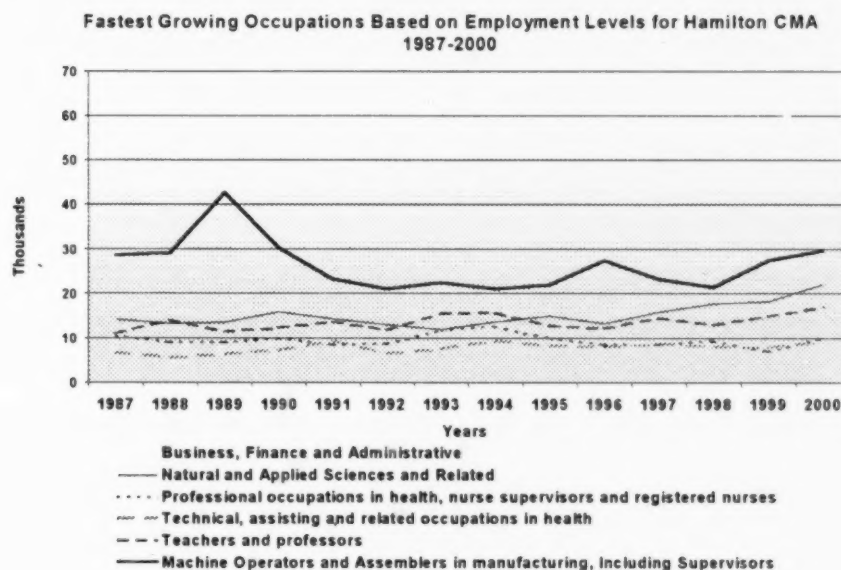


Source: Statistics Canada Labour Force Survey

Chart 8 tracks employment levels in the Hamilton CMA⁵ by industry, and as such are a rough measure of labour demand at the macro level. Only those industry sectors exhibiting strong growth over the latter half of the 1990's are plotted. The groupings, while somewhat aggregated, appear to mesh well with the "cluster" sectors identified as foci for Hamilton's economic development strategy.

Chart 9 puts an occupational face on the industry demand apparent in Chart 8. Again, although fairly aggregated data, the occupations showing the strongest growth in recent years are consistent with Hamilton's stated preferences regarding future economic development. They don't by any means though, encompass the full occupational spectrum inherent in the "cluster" sectors.

Chart 9



Source: Statistics Canada Labour Force Survey

The last two charts, while illuminating the macro labour demand picture, fail to expose the magnitude of looming labour shortages at the micro, or organization level. Micro data is difficult to assemble because the cost of gathering it is usually prohibitive, and attaining reliable response rates, nearly impossible. (Our own experiences with the human resources surveys, conducted as part of this study, substantiate that fact.) However, even though its limited to only one sector,

⁵ Statistics Canada Labour Force Survey data is the only source for annual time-series of employment by occupation, and the coverage of the survey is Hamilton CMA. It is not possible to break the data down further.

education, the micro data that follows paints a compelling picture of impending economic turmoil extending well beyond educational institutions. The education sector after all, has a major role to play in developing the next generation of the labour force. How it will fulfill that mandate, given the recruitment needs revealed in the following two tables, is difficult to fathom.

Table 1

Ontario Universities' Faculty Hiring Requirements - 1998-99 to 2010-2011					
Assuming a Continuation of Current Trends in Early Retirements	1998-1999 Faculty Level	Requirements to 2004-2005	Requirements to 2004-2005 as % of 1998-1999 Staffing Levels	Requirements to 2010-2011	Requirements to 2010-2011 as % of 1998-1999 Staffing Levels
"Low" Enrolment Projection	11893	6952	58.5%	8992	75.6%
"High" Enrolment Projection		7448	62.6%	10043	84.4%

Source: SEDAP Research Paper # 61 - October 2001

Table 2

Staffing Requirements of Ontario Community Colleges - 2001-2006					
Category of Staff	Total Staffing Level as of September 2001	% of Staff Eligible to Retire	% of Staff Predicted to Retire	Total Additional Staff Required by 2006 based on "Predicted" Retirements + Enrolments Increases	New Hires as % of 2001 Staffing Levels
Support	5844	38%	20.6%	2377	40.7%
Administrative	1531	54%	19.7%	634	41.4%
Faculty	6225	65%	43.2%	4103	65.9%
Totals	13600	52%	30.8%	7114	52.3%

Source: ACAATO (Association of Colleges of Applied Arts and Technology of Ontario) - Human Resource Requirements Report - September 2001

Data not shown here (but available in the full report) suggest that the situation at McMaster University is not quite as dire as that painted by the Ontario Universities' data. But the numbers are still daunting. The full report exposes similar human resource situations for a couple of other sectors where recent data was obtainable.

One of the "flags" raised in the course of conducting the data search phase of this study was the lack of solid, human resource staffing data at the primary and secondary school levels for Hamilton. Enrolment data was widely available and appeared to be of good quality. But human resource needs were another matter. Yet these schools are, arguably, more important to the development of future labour force generations than even the colleges and universities. And they too require long lead times to prepare their own workforces, especially teachers. Serious shortages among certain teaching disciplines and administrative staff are already evident and

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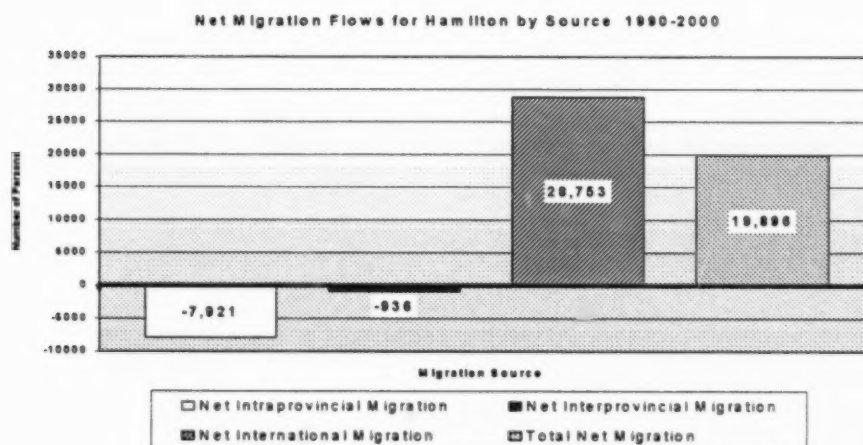
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growing. A clearer look down the road would provide valuable insights to assist this sector in coping with what will surely be a difficult recruitment environment.

The next series of charts and one table examine another important aspect of population, and by extension, labour force growth...migration. There are three basic migrant movements – persons moving in or out of Hamilton to or from other communities in Ontario respectively (intra-provincial migration), persons moving in or out of Hamilton to or from other Canadian provinces respectively (inter-provincial migration), and persons emigrating from Hamilton or immigrating into Hamilton (international migration). In terms of Hamilton's long term population and labour force supply prospects, immigration is by far the dominant factor.

Chart 10



Source: Source: Statistics Canada Small Area Data - Special Tabulations prepared for e-Economics Consulting

Chart 10 portrays the situation very succinctly. Without immigration, Hamilton would suffer a net loss of population due to migration patterns. More people leave Hamilton for other locations in Ontario and elsewhere in Canada than come the other way. On a more positive note annual totals for recent years indicate that the tide is starting to swing in Hamilton's favour. In fact, net inter-provincial migration has already turned positive, with more people now coming to Hamilton from elsewhere in Canada than leave for provinces outside of Ontario. Unfortunately, as can be seen in the chart, intra-provincial migration flows are far more significant than inter-provincial ones...and those remain negative. The full report provides finer geographic detail respecting the various movements.

The table that follows looks at the age of migrants, and because it provides gross flows, conveys the impressive magnitude of population movements into and out of Hamilton over a relatively short period. In the 10 years of the 1990's, total migrant flows in and out of Hamilton amounted to nearly 50% of the city's average total population.

Table 3

Population Migration To & From Hamilton by Age Groups 1990 - 2000							
Type of Migration Flow	Time Period	Age Groups					Totals
		0-17	18-24	25-44	45-64	65+	
In-Migrants	1990 to 1995	19,661	15,672	35,104	8,193	4,036	82,666
	1995 to 2000	23,286	15,936	39,758	10,581	4,922	94,483
	10-Year Total	42,947	31,608	74,862	18,774	8,958	177,149
Out-Migrants	1990 to 1995	17,055	13,619	33,986	8,437	4,445	77,542
	1995 to 2000	17,064	12,652	35,155	9,922	4,918	79,711
	10-Year Total	34,119	26,271	69,141	18,359	9,363	157,253
Net Migration	1990 to 1995	2,606	2,053	1,118	-244	-409	5,124
	1995 to 2000	6,222	3,284	4,603	659	4	14,772
	10-Year Total	8,828	5,337	5,721	415	-405	19,896

Source: Statistics Canada Small Area Data - Special Tabulations prepared for e-Economics Consulting

With respect to Hamilton's economic future, there are a number of encouraging developments nestled in the migration data in Table 3. Migrants tend to be much younger than the city's base population and are made up of a high proportion of families⁶. Hamilton's net population gains from migration are concentrated in the under-45 age categories and its net losses are concentrated in the over-45 groups. From a long-term economic perspective, if you have to lose population, the latter would certainly appear to be a preferred split⁷. Finally, in-migration is growing at a much faster rate than out-migration. Of course, other data will demonstrate that immigration is almost solely responsible for the improvement...but it is an improvement nevertheless, and certainly reinforces the critical role immigration now plays and will continue to play in maintaining Hamilton's economic health.

There is another kind of population movement that is important to labour force supply...commuters. And Hamilton has a significant number of those too.

⁶ One does not expect a lot of the under 15's to be single migrants

⁷ On the negative side there are short-term consequences such as the loss of experience and wealth

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	1995 to 2000	23 286	15 936	39 758	10 581	4 922
	10-Year Total	42 947	31 608	74 862	18 774	8 958
Out-Migrants	1990 to 1995	17 055	13 619	33 986	8 437	4 440
	1995 to 2000	17 064	12 652	35 155	9 922	4 918
	10-Year Total	34 119	26 271	69 141	18 359	9 358
Net Migration	1990 to 1995	2 606	2 053	1 118	-244	-404
	1995 to 2000	6 222	3 284	4 603	659	4
	10-Year Total	8 828	5 337	5 721	415	-405

Source: Statistics Canada Small Area Data - Special Tabulations prepared for e-Economics Consulting

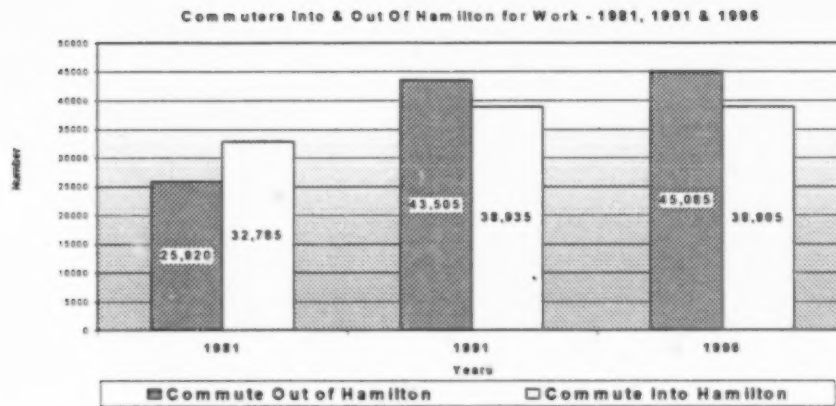
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Chart 11



Source: Statistics Canada Census data

As can be seen from Chart 11, commuters both into and out of Hamilton have increased steadily since 1981. However, the number of Hamilton residents who work outside the city has grown considerably faster than the number of workers moving the other way. Today, slightly more workers leave Hamilton every day than come in, the reverse of the situation that prevailed twenty years ago. Commuters now make up about 20% of the Hamilton's employed labour force. And if those Hamilton residents commuting out every day were to remain in Hamilton, the city's labour force would expand by a further 20%. While it is probably unrealistic to expect that all of its commuters could be enticed back into jobs in Hamilton, the potential is nevertheless significant, and in the emerging era of declining labour supplies, worth pursuing.

Many of Hamilton's commuters don't go very far. Burlington is both the number one destination for commuters-out, and source for commuters-in. Despite its number one title, commuter movement to and from "elsewhere" in Ontario is more important – in total, and from a growth perspective. But wide geographic dispersion among surrounding communities tends to mask its dominant position.

The final constituent of population growth to be examined is immigration. Earlier data demonstrated its vital importance to Hamilton. Table 4 traces the history of immigration to Hamilton and compares it to the experiences of Ontario and Canada.

Table 4

Immigrants by Period of Immigration			
Period of Arrival	Percent of Total Immigration		
	Hamilton	Ontario	Canada
Before 1961	28.2%	18.6%	18.3%
1961-1970	18.8%	14.2%	13.6%
1971-1980	14.4%	16.5%	17.2%
1981-1990	14.6%	18.9%	18.9%
1991-1996	11.9%	17.7%	18.0%
1997-2000	12.2%	14.1%	14.0%
Totals	100.0%	100.0%	100.0%

Source: Statistics Canada Small Area Data - Special Tabulations prepared for e-Economics Consulting

Other data not included in this executive summary showed that immigrants make up about one-quarter of Hamilton's population, about the same as for Ontario and considerably more than for Canada as a whole. Table 4 indicates that Hamilton's immigrant population is noticeably older than either Ontario's or Canada's. Forty-seven percent of Hamilton's immigrants landed in the city before 1970 as compared to approximately 32 % for both Ontario and Canada. By extension, the data suggests that Hamilton had become a less attractive destination for immigrants after 1970, both relative to the rest of Ontario and Canada, and relative to its own experience prior to 1970. One suspects that diminishing job opportunities played a major role in the reversal. The discussion of "classes of immigration" which follows, tend to confirm the likely importance of job opportunities.

Notwithstanding the apparent slowdown in movements to Hamilton, immigration totally dominated Hamilton's population growth over the 1990's. The following table illustrates the point.

Table 5

Immigrant Shares of Population Growth Hamilton - 1990 to 1999			
Year	Population Growth	New Immigrant Arrivals	New Immigrants as % of Population Growth
1990-1994	19,613	16,292	83.1%
1995-1999	22,460	18,900	84.1%

Source: Statistics Canada Small Area Data - Special Tabulations prepared for e-Economics Consulting

As important as the numbers are, understanding the "class" composition of Hamilton's immigration flows can provide valuable guidance in strengthening the city's future prospects. Canada classifies immigrants according to the regulatory category under which they receive their approval. The titles of the "classes" are pretty descriptive of the rationale for landing individual immigrants and their dependents. Without being too technical, the major classes are "Family" (family reunification), "Refugee", "Business" (persons committing to minimum investments in a new or existing Canadian business), "Skilled Workers" (persons garnering a threshold number of points awarded according to labour force needs of the Canadian economy), and "Other" (a catch-all category for those not meeting the definitions of one of the main categories). Table 6 distributes by share, according to which class they were approved under, immigrants who came to Hamilton⁸ between 1996 and 2000 and compares those shares with Ontario and Canada.

Table 6

Distribution of Immigrants by Immigration Class						
Immigration Class	1996-2000					
	Hamilton CMA		Ontario		Canada	
	% of Totals	Rank	% of Totals	Rank	% of Totals	Rank
Family Class - Applicants & Dependents	36.5%	1	28.8%	2	28.5%	2
Refugee - Applicants & Dependents	19.0%	3	11.3%	4	12.6%	4
Business - Applicants Only	1.0%	6	1.3%	6	2.2%	6
Skilled Workers - Applicants Only	16.5%	4	22.7%	3	21.0%	3
Dependents of Business & Skilled Workers	24.8%	2	33.6%	1	32.8%	1
Other - Applicants & Dependents	2.2%	5	2.3%	5	2.9%	5
Total - Principal Applicant & Dependents	100.0%		100.0%		100.0%	

Source: Citizenship and Immigration Canada Administrative data

The most significant differences between Hamilton as compared to Ontario and Canada, are the relative importance of Family Class and Refugee Class to Hamilton and the relative importance of the Skilled Workers Class for Ontario and Canada. In all three instances the differences with Hamilton are sizeable. To appreciate the labour supply implications of these differences, one needs to examine some of the individual traits of each class.

⁸ The data published by Citizenship and Immigration Canada from its administrative records does not break out Hamilton city from the Hamilton CMA. Consequently, the data in Table 3 is for the Hamilton CMA.

Administrative data⁹ discussed in the full report, shows that, as compared to the other immigration classes, Family Class immigrants are older, have less children in tow, are less well-educated and least likely to be moving into the labour force. And while Refugees have a very young profile, and are more likely to seek jobs than Family Class immigrants, they are also among the least educated. Skilled Workers are among the best educated and the immigrants most likely to end up in the labour force. From a strict labour supply perspective, the bottom-line is that Hamilton receives a disproportionately smaller share of the more-desirable immigrant classes as compared to Ontario and Canada.

The next section summarizes the key findings extracted from the population and other data just reviewed.

⁹ The level of detail being discussed here is only available for Canada data. All references are therefore to the national data. There are no reasons to suspect though, that the characteristics of Hamilton-bound immigrants would differ substantially from those pertaining to the national data.

Key Findings from the Data Analysis

Population:

- Hamilton's population growth is slowing rapidly and it is becoming much older.
- Immigration now accounts for approximately 85% of Hamilton's total population growth and that percentage could rise to 100% over the next couple of decades.
- By 2013, the number of adults in the labour force pre-retirement (55-64) age group will exceed the number of youths in the labour force pre-entry (15-24) age group, and the gap widens in future years.

Labour Force:

- Hamilton's labour force growth will cease altogether shortly after 2016 and the absolute size of the workforce will actually begin declining.
- Employment growth over the last decade or so, both occupationally and on an industry sector basis, matches favourably with Hamilton's declared economic development strategy of promoting specific "cluster" industries.
- Educational institutions will inherit massive staffing obligations over the next decade. Society's ability to prepare its next generation labour force will be highly dependent on resolving those needs.

Migration:

- In-migration and out migration of population during the 1990's was equivalent to 60% of the average total population during that period.
- Migrants tend to be much younger than the general population with over 70% of the net gain from migration during the 1990's being under 25 years of age.
- Hamilton lost more people to inter-provincial and intra-provincial migration over the 10 years of the 1990's than it gained. The trend was improving though, by the end of the decade. Numerically, movements within Ontario dominate the totals.
- Only net international migration flows were positive for Hamilton between 1990 and 2000, and they were sufficiently large to more than offset inter and intra-provincial losses.

Commuters:

- Numerically, both commuters-in and commuters-out are each equivalent to about 20% of Hamilton's employed labour force
- Workers leaving Hamilton each day outnumber those coming into the city and the gap is growing.
- Although Burlington is the largest single source for both in and out-commuters, taken together, movements to other communities in Ontario are numerically larger and growing faster.

Immigration:

- Hamilton's immigrant population is much older than Ontario's or Canada's.
- Proportionate to Ontario and Canada, Hamilton is not attracting as many immigrants in recent years as it did in the past.
- From a labour supply perspective, Hamilton's immigration flows on a "Class" basis, are far from optimal.

Based on data contained in the Full Report but not included in this Executive Summary:

- According to the 1991 and 1996 Censuses, Hamilton's labour force had more people without a high school diploma and less people with a university degree than the averages for Ontario.
- Labour productivity in Canada has been in constant decline since 1966, dropping from an average increase of 3.7% per year for the period 1966-1973, to barely 1% per year for the period 1988-1999. Considering the complex causal factors driving labour productivity, it would be a long time before substantial improvements could be realized even if the right initiatives were undertaken – the point being that improvements in labour productivity offer only minimal prospects for offsetting emerging labour supply shortages.

Key Findings from the Employer Interviews

- Very few employers plan for their human resource needs beyond one budget year. Many have an even shorter time horizon. It was rare to find an employer with a five or ten year human resource plan.
- Succession planning was non-existent in most organizations even though there was a fair degree of awareness that their aging workforce would present serious recruitment challenges in the not-too-distant future.
- Employers, by and large, have a poor understanding of the nature and magnitude of the worker shortages that will threaten their very existence in the near future. Many human resource personnel complained that senior management did not view the impending wave of retirements as "today's" issue.
- With a couple of notable exceptions, businesses and organizations are ill-prepared, and generally ill-equipped to cope with the human resource challenges looming ahead.
- A plea for stronger municipal leadership around this and other common concerns was aired by nearly every interviewee.
- With respect to adequate labour supply, small employers already find themselves between the proverbial "rock and a hard place". Their shortages are crippling but their capacity to develop and implement solutions is severely limited.
- Many small and medium employers indicated that the lack of adequate workers has restricted significant growth opportunities for their firms over the last several years.
- Many small employers relied on the Chamber of Commerce for human resource materials and information.

During the interviews employers raised the following infrastructure complaints with fair regularity. Some impacted directly on human resource recruitment and retention, while others had a more indirect effect.

- Lack of public transportation in the periphery areas and poor linkages to surrounding municipalities, especially Burlington
- High business taxes compared to competing jurisdictions
- Lack of effective tax incentives for downtown redevelopment

- Shortage of commercial accommodation
- Shortage of modern industrial properties available for sale or lease
- And too many employers were convinced that the world would pretty much continue on its present course and were planning accordingly.

Conclusion

The prospect of an aging population and dwindling labour supply are not unique to Hamilton. Over the next two or three decades, every Western country will have to cope with this reality. What is unique to Hamilton are the details. Hamilton's population is aging faster than Ontario's and growing even slower. If current trends persist, it will eventually begin to decline. Ontario is a net-gainer from domestic population migration, Hamilton is a net-loser. And finally, Hamilton's industry and occupational spectrum is much more narrowly focused than Ontario's.

Notwithstanding the foregoing, there are actually more similarities than differences among Ontario, Canada and Hamilton. For all three jurisdictions, immigration is quickly assuming responsibility for nearly all population growth. Labour supply will be in severe shortage and critical services in a number of sectors, particularly educational and health, will be strained to the breaking point. Employers will be constantly scrambling to recruit new workers while trying to retain the ones they have – a sure recipe for wage and salary escalation.

Considering the breadth of emerging worker shortages, labour markets are about to become much more competitive. It is that competition that presents Hamilton with its biggest human resource challenges:

- 1) how to stem domestic migration and commuter losses
- 2) how to attract more and better-educated immigrants to the community
- 3) how to improve the education and upgrade the skills of its existing population and workforce
- 4) and how to make sure its key organizations and institutions are able to deliver the services expected, when they are needed.

If Hamilton can successfully deal with these challenges then its prospects for achieving its stated economic development goal of developing a cluster-based economy able to provide the competitive advantage needed to ensure a sustainable future, are good. Hamilton has declared its priority goal to be "A City of Growth and Opportunity". Much work needs to be done!

Recommendations

As daunting as the task may appear, Hamilton is well-equipped to confront and resolve the human resource challenges facing it. In addition to the normal range of community facilities:

- it is home to a university, a community college, a teaching hospital, a training board, an industry-education council, and a vibrant immigrant resettlement organization
- the two senior levels of government have a strong presence in the community
- it is home to several sector-based training organizations
- it has a dynamic network of social and economic support organizations
- and, the city is strategically located geographically, is the beneficiary of a good transportation infrastructure, and, as those who live there can attest, well endowed with lifestyle amenities.

Natural attributes aside, if the businesses and organizations interviewed in the course of conducting this study can be believed, the real question facing Hamilton is, "Can the community marshal its abundance of resources in a sufficiently timely and effective manner to cement the vision of, *A city of growth and opportunity?*" Based on the data analyzed, the input received from employers, and the authors own 30+ years of experience as a labour-market economist, the answer is a cautious 'Yes' – providing that community leaders and stakeholders respond positively, imaginatively, and collectively to the human resource challenges confronting them...and they must respond soon.

The recommendations, which follow, acknowledge some of the key issues demanding attention. The order in which they are presented reflects the authors judgement regarding both a logical sequence, and an order of relative importance. In some instances, specific 'actioners' have been identified, but generally, the community and its stakeholders have to work out the logistics of implementation. No involvement – no ownership!

Raising Awareness, Developing Leadership and Gaining Commitment

- 1) Before wrapping-up, the Steering Committee associated with this study needs to identify core leadership, make them fully aware of the issues and secure their commitment to mobilize a comprehensive community response.
- 2) Convene key stakeholders, community leaders and potential resource personnel to forge an action program aimed at strengthening all aspects of Hamilton's public and private human resources support, development and recruitment activity.
- 3) Create an 'HR Matters' focal point in the community to track progress, co-ordinate initiatives and serve as a repository for human resource information and materials. At a minimum, the Chamber of Commerce needs to be part of the focus, and the university and community college need to be major contributors.
- 4) Develop better mechanisms to give young entrepreneurs a more effective voice in the community's decision-making processes, and to funnel their energy and enthusiasm into community development.
- 5) Establish a public 'Scorecard' to track progress on the community's HR Matters strategy.
- 6) Establish an ongoing program of research into human resource issues affecting Hamilton.

Strengthening the Community's Image

- 1) Develop and launch a campaign to tell the real story of what Hamilton is and what it offers. The city's image was identified as the number one impediment to external recruitment.
- 2) Do something dramatic and creative about the downtown. Create a real "buzz" about the 'New City of Hamilton'. Its current state speaks volumes to insiders as well as outsiders. A 'new' state could speak even louder volumes...and much more positive ones.

Assisting Small & Medium Sized Employers with Human Resource Planning

- 1) Assemble a 'Best Practices' human resource database and make it available on-line to employers. Include a comprehensive register of available resources to assist the employers in their planning and implementation.
- 2) Develop a series of workshops aimed at small to medium sized businesses and human resource practitioners. Topics to be covered include human resources planning, administration, practices, recruitment and retention. Two priority topics should be the recruitment and retention of older workers, and bonding with the next labour force generation. Offer a variety of delivery mechanisms – on-line, correspondence, breakfast seminars etc. – be imaginative. Again, the Chamber presents an ideal starting point for such an initiative.
- 3) Establish an 'HR Connects' program aimed at linking resource personnel with employers seeking professional assistance with their human resource issues. A valuable component would be a 'shared' pool of human resource professionals, allowing small employers to get a better handle on their human resource practices.

Building the Labour Supply

- 1) Launch a campaign to attract more immigrants to Hamilton, especially those with a more advantageous labour force profile.
- 2) Strengthen Hamilton's immigrant resettlement capacity, including language training and cultural orientation.
- 3) Get key community leadership directly involved in the issue of accelerating the immigrant credential recognition process, and lend the city's full weight to moving this agenda forward.
- 4) Develop a strategy to prevent local youth and young workers from migrating out of the community, and to retain post-secondary students after they complete their studies. (Nearly 70% of McMasters full-time students come from outside the community) It needs to include:

- developing earlier bonds with local employers, particularly in such emerging industry sectors as film, biotechnology, graphic arts, communications and micro-electronics
 - broadening career prospects by expanding occupational choice and/or making opportunities better known.
 - promoting their special talents and skills among local employers
 - strengthening support and assistance for new, young entrepreneurs. There is a real role here for 'incubator' types of projects – and in the downtown core would be a 'bonus'.
- 5) Establish a high-powered, community 'Task Force' to specifically deal with the developing recruitment crisis in the education and healthcare sectors.
 - 6) Develop a program to encourage and assist older workers in remaining in the labour force longer or returning to it. It might include a 'casual labour pool' and a 'mentoring' element.
 - 7) Promote Hamilton among early retirees in the GTA looking to relocate to a quieter and cheaper community with a great lifestyle and within easy commuting distance of their kids.
 - 8) Launch a two-pronged "Come Home to Hamilton" campaign aimed at ex-patriots and existing commuters.
 - 9) Launch targeted campaigns promoting Hamilton as a place to live and a place to work in those communities from which Hamilton is already attracting significant migrants.

Improving Skills and School-to-Work Transitions

- 1) Expand co-op, mentoring and work-experience programs, especially at the secondary school level.
- 2) Improve the quality and variety of information on career opportunities that are available in Hamilton, and improve its dissemination to students and young workers.
- 3) Promote occupational choices that support Hamilton's economic development goals.
- 4) Promote skills-upgrading and life-long learning among existing employers and workers, and create effective mechanisms for them to connect to the 'deliverers'.

The foregoing recommendations are unquestionably, ambitious. The alternative is economic havoc and ultimately, a declining economy. The potential for social as well as economic disruption is real and considerable. Hamilton's politicians, its employers, its institutions and indeed, its citizens, have a choice to make – if that choice is to be a "*City of Growth and Opportunity*", the clock is running.

HR Matters Steering Committee

- Richard Allen – Executive Director – Hamilton Industry Education Council
- Monique Biancucci – Manager, Human Resources – DOFASCO
- Ivan Buzzelli – Director, Human Resources – TradePort International Corporation
- John Dolbec – Executive Director – The Hamilton Chamber of Commerce
- Len Falco – CEO – LCM Associates
- Geoffrey Green – Senior Business Consultant – Ontario Ministry of Enterprise, Opportunity and Innovation
- Gayle Holmes – Director of Human Resource Services – Hamilton Health Sciences Corporation
- Richard Johnson – Team Leader Programs – Human Resources Development Canada
- Mark Mindorff – Director of Operations – CanReg
- Jan Potts – Director, Hamilton District – Human Resources Development Canada
- Sylvia Renshaw – Business Development Consultant – Economic Development Department – City of Hamilton
- Liz Robinson – Executive Director – Hamilton Training Advisory Board
- James Vanderveken – Director – Community Economic Development – Mohawk College of Applied Arts and Technology Source
- Rebecca West – Communications Officer – Corporate Communications – City of Hamilton

**THE CITY OF
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